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NEWS RELEASE

For Immediate Release

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THDA Receives Bond Authority of \$150 Million for 2003

NASHVILLE -The state has allocated \$150 million in bond authority to the Tennessee Housing Development Agency (THDA) to begin the Agency's 30th year in affordable housing.

These funds are used to promote affordable housing, both single family and multi-family. THDA issues tax-exempt bonds based on tax-exempt debt authority to fund single-family 30-year mortgages for moderate, low and very-low income families across the state. In addition, THDA provides bond authority to local issuers for multi-family projects to house low-income families.

In the past, each year the State's Allocation Plan for Private Activity Bonds in Tennessee has allocated \$75 million to THDA, of which \$30 million was issued for multi-family and \$45million was used for single-family housing bonds. This amount is no longer sufficient to fund mortgages for all the low and moderate income first-time homebuyers in Tennessee as allowed by the Mortgage Revenue Bond Program and to allocate authority to local governments for multi-family developments. When relying on the usual allocation, the income limits for borrowers and the acquisition costs for eligible homes are held well below the allowable limits and special programs must be carefully crafted and monitored to ensure the activity remains within resource levels.

Since THDA's allocation has been raised, it will be better prepared to meet the needs of the working families of our state. With the increase in resources, THDA will be able to assist over 1,000 additional families with the average purchase price at \$75,000.

Tennessee uses private activity bonds to stimulate economic growth, student loans and to provide affordable housing. THDA uses tax-exempt mortgage revenue bonds (MRBs) to finance lower-than market interest rate mortgages for lower income first-time homebuyers and construction of apartments that are affordable for lower income renters.

"With the additional allocation THDA will be better equipped to provide affordable housing to more working families, thus creating a greater sense of pride and community for the state of Tennessee," said Janice Myrick, Executive Director of THDA. "The additional bond cap will help open doors to affordable housing for many first-time homebuyers and renters," she said.

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Currently, THDA's Homeownership Division offers below market interest rates through Great Rate at 5.4%, Great Start at 6.4%, which offers downpayment assistance and New Start 0%. The New Start Program creates a partnership between THDA and non-profit organizations that have an established program for providing newly constructed homes for the low and very low-income families across the state.

"We are always looking for new and creative ways to provide affordable housing for Tennessee's families," said Myrick. "It is our mission to be the lead state agency promoting sound and affordable housing for people who need help."

Pursuant to the State of Tennessee's policy of non-discrimination, the Tennessee Housing Development Agency does not discriminate on the basis of race, sex, religion, color, national or ethnic origin, age, disability, or military service in its policies, or in the admission or access to, or treatment or employment in, its programs, services or activities.

Equal Employment Opportunity/Affirmative Action inquiries or complaints should be directed to the Tennessee Housing Development Agency EEO/AA, ADA Coordinator Donald L. Harris, 404 James Robertson Parkway, Suite 1114, Nashville, TN 37243-0900, 615/741-1106; 615/532-2894, TDD; 1-800-228-THDA, toll-free answering machine.